



California Fair Political Practices Commission

October 3, 1988

Honorable Willie L. Brown, Jr.
Speaker of the Assembly
State Capitol
Sacramento, CA 95814

Re: Your Request for Advice
Our File No. A-88-357

Dear Mr. Speaker:

This is in response to your letter requesting advice regarding your responsibilities under the reporting provisions of the Political Reform Act (the "Act").^{1/}

QUESTIONS

1. In light of recent newspaper articles, should the Willie Brown Campaign Committee amend its campaign reports to show that the FBI is the true source of contributions from Gulf Shrimp West, Inc., Peachstate Capital West, Ltd., and Northern California Research Associates, Inc.?

2. Should the committee notify the FBI that it may be required to file campaign reports as a major donor?

3. Does the committee have any obligation to return the funds to the FBI?

CONCLUSIONS

1. Yes, you should file amended campaign reports to disclose the true source of contributions you have received.

2. Because of the unique circumstances involved here, it is not necessary that you notify the FBI of any major donor reporting responsibilities they may have.

^{1/} Government Code Sections 81000-91015. All statutory references are to the Government Code unless otherwise indicated. Commission regulations appear at 2 California Code of Regulations Section 18000, *et seq.* All references to regulations are to Title 2, Division 6 of the California Code of Regulations.

Honorable Willie L. Brown, Jr.
October 3, 1988
Page 2

3. Questions regarding return of funds to contributors are not within the jurisdiction of the Commission and should be addressed to the Attorney General's Office.

FACTS

You have received and reported contributions from Gulf Shrimp West, Inc., and Peachstate Capital West, Ltd. Press reports now indicate that these business entities were dummy corporations created for investigative purposes by the Federal Bureau of Investigation (FBI), and that the FBI is the true source of these contributions. Moreover, a contribution you received from Northern California Research Associates, Inc., was reportedly made with funds provided by the FBI through Peachstate Capital West, Ltd.

At the time you filed your campaign reports disclosing the contributions described above, you have indicated that you had no knowledge of the FBI's involvement with the supposed contributors. You are requesting advice regarding your responsibility to now disclose the true source of the contributions in light of recent press reports.

ANALYSIS

Amended Campaign Statements

One of the principal purposes of the Act is to provide to the public full and complete information regarding receipts and expenditures in election campaigns "in order that the voters may be fully informed and improper practices may be inhibited." (Section 81002(a).) As you are aware, Section 81004 provides that all public officials shall use diligence in preparation of reports and statements filed pursuant to the Act. Information included in these reports should be true and complete to the best of your knowledge.

Section 81004.5 allows for the filing of amendments to reports and statements which are incorrect or incomplete. Once again, this provision is intended to allow for supplemental information, where appropriate, to ensure the most complete disclosure possible to the public.

Public officials must rely on information provided to them from their contributors to comply with the reporting requirements of the Act. Thus, amendments to reports are often filed when new information regarding contributors, or supposed contributors comes to light.

Honorable Willie L. Brown, Jr.
October 3, 1988
Page 3

Although the circumstances surrounding your particular situation are a bit out of the ordinary, we feel that the information presented in your reports should reflect the true source of contributions. Thus, we advise that you file an amended report clarifying the true source of the contributions from Gulf Shrimp West, Inc., Peachstate Capital West, Ltd., and Northern California Research Associates, Inc. These entities would still be listed on your campaign statement as the contributors, with an explanation that Gulf Shrimp West, Inc., and Peachstate Capital West, Ltd., are corporations established by the FBI for investigative purposes.

Major Donor Notification

Your second question asks whether you should notify the FBI of their major donor obligations under the Act. Section 84104 requires a candidate or committee which receives contributions of \$5,000 or more from any person to inform the contributor that he or she may be required to file major donor campaign reports.

Under the circumstances, this will not be necessary. The Commission has been, and continues to be in touch with the FBI relative to their responsibilities under the Act.

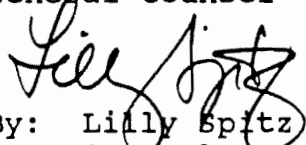
Return of Contributions

Finally, whether you are obliged to return the funds you have received from the FBI is not a question within the jurisdiction of the Commission. Issues regarding use of public funds for political purposes are addressed by the Attorney General's office. If you would like to pursue this question, we suggest you contact that office.

Thank you for your interest in full compliance with the Act. If you have any questions, please contact me at (916) 322-5901.

Sincerely,

Diane M. Griffiths
General Counsel


By: Lilly Spitz
Counsel, Legal Division

DMG:LS:plh



CALIFORNIA STATE ASSEMBLY

WILLIE L. BROWN, JR.
SPEAKER OF THE ASSEMBLY

September 6, 1988

John H. Larson, Chairman
Fair Political Practices Commission
428 "J" Street, Suite 800
Sacramento, CA 95814

Re: Request for written advice (Gov't Code Section
83114 (B))

Dear Mr. Larson:

- I hereby request written advice with respect to the following matter.

The Willie Brown Campaign Committee, a committee controlled by Willie L. Brown Jr., has received several contributions over the past two years, the true source of which we now believe to have been misrepresented to the committee.

Although we do not have any direct knowledge of the true source of the contributions, we have reason to believe that the source was the United States Government.

Specifically, we have received and reported the following contributions.

1. On May 14, 1986 the committee received a check from a company indentified to us a "Gulf Shrimp West, Inc.". The individual who provided the check identified himself to the committee staff as John Gordon, owner of Gulf Shrimp West, Inc. The contribution was for \$1,000.00 and was duly reported. Press reports now identify Mr. Gordon as a person who was acting on behalf of the Federal Bureau of Investigation and suggest that the true source of the funds was indeed the FBI, not Gulf Shrimp West, Inc.

2. On October 2, 1986 the committee received a check for \$6,500.00 from Northern California Research Associates, Inc. The check was to purchase a table at a committee fundraising event. The contribution was duly reported. Press reports now indicate that Northern California Research Associates, Inc. was acting as an intermediary for the Federal Bureau of Investigation.

3. On May 26, 1988 the committee received a check from Peachstate Capital West, Ltd. for \$4,000.00. The check was to purchase four tickets to a fundraising event. Press reports now indicate that Peachstate Capital West, Ltd. may have made the contribution using funds supplied by the Federal Bureau of Investigation.

As you know, the Political Reform Act requires committees to report the true source of funds when that information is available to them. In circumstances where the check is from one entity, but the funds actually come from another entity, committees are required to report the true source of the money as the contributor and list the company whose name is on the check as the intermediary. Government code section 84302.

Press accounts strongly suggest that in fact Gulf Shrimp, Peachstate and Northern California Research Associates were acting as intermediaries for the FBI in making the above contributions. I have three questions.

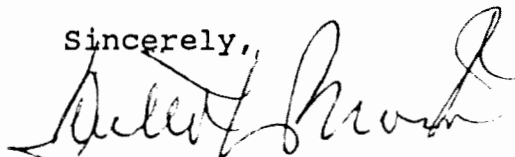
1. Should the Willie Brown Campaign Committee amend its reports to show that the FBI is the true source of the funds and the other companies intermediaries? If not, what amendments, if any, should be made to the committee reports now that we have information that the funds came from the FBI? How should we respond to future media reports linking contributors to the FBI?

2. Should the committee notify the Federal Bureau of Investigation, as required by Gov't code section 84105, that the FBI may be required to file campaign reports?

3. Does the committee have any obligation to return the funds to the Federal Bureau of Investigation, assuming that the FBI is in fact the true source of the funds?

Pursuant to Government Code Section 83114, I look forward to hearing from you within 21 days.

Sincerely,



WILLIE L. BROWN, JR.



California Fair Political Practices Commission

September 13, 1988

Honorable Willie L. Brown, Jr.
Speaker of the Assembly
State Capitol
Sacramento, CA 95814

Re: 88-357

Dear Mr. Speaker:

Your letter requesting advice under the Political Reform Act was received on September 12, 1988 by the Fair Political Practices Commission. If you have any questions about your advice request, you may contact Lilly Spitz, an attorney in the Legal Division, directly at (916) 322-5901.

We try to answer all advice requests promptly. Therefore, unless your request poses particularly complex legal questions, or more information is needed, you should expect a response within 21 working days if your request seeks formal written advice. If more information is needed, the person assigned to prepare a response to your request will contact you shortly to advise you as to information needed. If your request is for informal assistance, we will answer it as quickly as we can. (See Commission Regulation 18329 (2 Cal. Code of Regs. Sec. 18329).)

You also should be aware that your letter and our response are public records which may be disclosed to the public upon receipt of a proper request for disclosure.

Very truly yours,

Kathleen E. Donagan
Diane M. Griffiths
General Counsel

DMG:plh



CALIFORNIA STATE ASSEMBLY

WILLIE L. BROWN, JR.
SPEAKER OF THE ASSEMBLY

September 6, 1988

John H. Larson, Chairman
Fair Political Practices Commission
428 "J" Street, Suite 800
Sacramento, CA 95814

Re: Request for written advice (Gov't Code Section
83114 (B))

Dear Mr. Larson:

I hereby request written advice with respect to the following matter.

The Willie Brown Campaign Committee, a committee controlled by Willie L. Brown Jr., has received several contributions over the past two years, the true source of which we now believe to have been misrepresented to the committee.

Although we do not have any direct knowledge of the true source of the contributions, we have reason to believe that the source was the United States Government.

Specifically, we have received and reported the following contributions.

1. On May 14, 1986 the committee received a check from a company indentified to us a "Gulf Shrimp West, Inc.". The individual who provided the check identified himself to the committee staff as John Gordon, owner of Gulf Shrimp West, Inc. The contribution was for \$1,000.00 and was duly reported. Press reports now identify Mr. Gordon as a person who was acting on behalf of the Federal Bureau of Investigation and suggest that the true source of the funds was indeed the FBI, not Gulf Shrimp West, Inc.

Sacramento Office/State Capitol, Sacramento, California 95814 Telephone (916) 445-8077
Los Angeles Office/107 S. Broadway, Suite 8009, Los Angeles, CA 90012 Telephone (213) 620-4356
District Office/350 McAllister Street, Room 5046, San Francisco, California 94102 Telephone (415) 557-0784
Campaign Office/1388 Sutter Street, Suite 820, San Francisco, California 94109 Telephone (415) 673-3113

2. On October 2, 1986 the committee received a check for \$6,500.00 from Northern California Research Associates, Inc. The check was to purchase a table at a committee fundraising event. The contribution was duly reported. Press reports now indicate that Northern California Research Associates, Inc. was acting as an intermediary for the Federal Bureau of Investigation.

3. On May 26, 1988 the committee received a check from Peachstate Capital West, Ltd. for \$4,000.00. The check was to purchase four tickets to a fundraising event. Press reports now indicate that Peachstate Capital West, Ltd. may have made the contribution using funds supplied by the Federal Bureau of Investigation.

As you know, the Political Reform Act requires committees to report the true source of funds when that information is available to them. In circumstances where the check is from one entity, but the funds actually come from another entity, committees are required to report the true source of the money as the contributor and list the company whose name is on the check as the intermediary. Government code section 84302.

Press accounts strongly suggest that in fact Gulf Shrimp, Peachstate and Northern California Research Associates were acting as intermediaries for the FBI in making the above contributions. I have three questions.

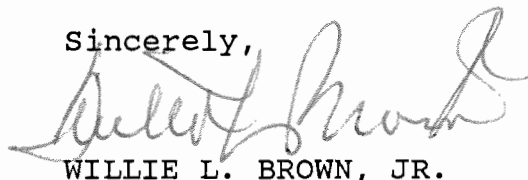
1. Should the Willie Brown Campaign Committee amend its reports to show that the FBI is the true source of the funds and the other companies intermediaries? If not, what amendments, if any, should be made to the committee reports now that we have information that the funds came from the FBI? How should we respond to future media reports linking contributors to the FBI?

2. Should the committee notify the Federal Bureau of Investigation, as required by Gov't code section 84105, that the FBI may be required to file campaign reports?

3. Does the committee have any obligation to return the funds to the Federal Bureau of Investigation, assuming that the FBI is in fact the true source of the funds?

Pursuant to Government Code Section 83114, I look forward to hearing from you within 21 days.

Sincerely,

A handwritten signature in dark ink, appearing to read "Willie L. Brown, Jr.", is written over the typed name.

WILLIE L. BROWN, JR.